

2015 Regular Session

HOUSE BILL NO. 819

BY REPRESENTATIVE TIM BURNS

TAX CREDITS: Establishes a maximum threshold for the reduction of tax liability due to the application of certain tax credits

1 AN ACT

2 To amend and reenact R.S. 22:832(B), R.S. 47:6006(B), 6006.1(C) and (D), 6007(C)(2),
3 6014(C)(introductory paragraph) and (E)(2), 6015(B)(1) and (2) and (D),
4 6016.1(C)(2), 6019(A)(3)(a), and 6030(E)(1) and (3)(a) and (F), and R.S.
5 51:1787(A)(1)(b) and (2)(a) and (b), to enact R.S. 47:1675(A)(7), and to repeal R.S.
6 47:6014(D), relative to tax credits; to provide with respect to certain tax credits for
7 use against certain income, corporation franchise, and insurance premium taxes; to
8 provide with respect to the application of certain tax credits to such tax liabilities; to
9 change certain tax credits from refundable to nonrefundable; to provide for the
10 amount of certain tax credits; to provide for applicability; to provide for
11 effectiveness; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 22:832(B) is hereby amended and reenacted to read as follows:

14 §832. Reduction of tax when certain investments are made in Louisiana

15 * * *

16 B. If one-sixth of the total admitted assets of the payer are in qualifying
17 Louisiana investments, then the tax payable shall be thirty-three and one-third
18 percent of the amount otherwise fixed in this Part; if at least one-fifth of the total
19 admitted assets of the payer are in qualifying Louisiana investments, then the tax
20 payable shall be twenty-five percent of the amount otherwise fixed in this Part; if at
21 least one-fourth of the total admitted assets of the payer are in qualifying Louisiana

1 investments, the tax payable shall be ~~fifteen~~ twenty percent of the amount otherwise
2 fixed in this Part; ~~and if at least one-third of the total admitted assets of the payer are~~
3 ~~in qualifying Louisiana investments, then the tax payable shall be five percent of the~~
4 ~~amount otherwise fixed in this Part.~~

5 * * *

6 Section 2. R.S. 47:6006(B), 6006.1(C) and (D), 6007(C)(2), 6014(C)(introductory
7 paragraph) and (E)(2), 6015(B)(1) and (2) and (D), 6016.1(C)(2), 6019(A)(3)(a), and
8 6030(E)(1) and (3)(a) and (F) are hereby amended and reenacted and R.S. 47:1675(A)(7) is
9 hereby enacted to read as follows:

10 §1675. General administrative provisions for credits against income and corporation
11 franchise tax

12 A. Unless specifically provided for herein or in the statute granting the credit
13 against income or corporation franchise tax:

14 * * *

15 (7)(a) Notwithstanding any other provision of law to the contrary, the sum
16 of all credits listed in Subparagraph (b) of this Paragraph which may be claimed
17 against Louisiana income or franchise tax shall not reduce the taxpayer's tax liability
18 below twenty percent of the total tax due before credits. Any amount of tax credit
19 which remains after application of the limitation provided in this Paragraph may be
20 carried forward pursuant to the provision establishing the respective tax credit.

21 (b)(i) Tax credits for local inventory taxes paid, pursuant to R.S. 47:6006.

22 (ii) Tax credits for taxes paid with respect to vessels in Outer Continental
23 Shelf Lands Act Waters, pursuant to R.S. 47:6006.1.

24 (iii) Motion picture investor tax credit, pursuant to R.S. 47:6007.

25 (iv) Credit for property taxes paid by certain telephone companies, pursuant
26 to R.S. 47:6014.

27 (v) Research and development tax credit, pursuant to R.S. 47:6015.

28 (vi) New markets tax credit, pursuant to R.S. 47:6016.

29 (vii) Rehabilitation of historic structures, pursuant to R.S. 47:6019.

1 (viii) Solar energy systems tax credit, pursuant to R.S. 47:6030, for purposes
2 of corporation income and corporation franchise taxes only.

3 (viii) Enterprise zone investment tax credit, pursuant to R.S. 51:1787.

4 (ix) Quality jobs investment tax credit, pursuant to R.S. 51:2451.

5 * * *

6 §6006. Tax credits for local inventory taxes paid

7 * * *

8 B. Credit for taxes paid by corporations shall be applied to state corporate
9 income and corporation franchise taxes. Credit for taxes paid by unincorporated
10 persons shall be applied to state personal income taxes. ~~The taxpayer shall be entitled~~
11 ~~to a refund for any allowable credit which exceeds the aggregate tax liability of the~~
12 ~~taxpayer for the taxes imposed by Chapter 1 and Chapter 5 of Subtitle H of this Title.~~
13 ~~The secretary shall make such refund to the taxpayer in the amount to which he is~~
14 ~~entitled from the current collections of the taxes collected pursuant to Chapter 1 and~~
15 ~~Chapter 5 of such Subtitle H.~~ The total amount of all credits claimed in a tax year
16 against any income or corporation franchise tax shall not reduce the taxpayer's tax
17 liability below twenty percent of the total tax due before credits. Any unused credit
18 amount may be carried forward for a period of five years.

19 * * *

20 §6006.1. Tax credits for taxes paid with respect to vessels in Outer Continental
21 Shelf Lands Act Waters

22 * * *

23 C. ~~Notwithstanding any other provision of law to the contrary in Title 47 of~~
24 ~~the Louisiana Revised Statutes of 1950, as amended, any excess of allowable credit~~
25 ~~established by this Section over the aggregate tax liabilities against which such credit~~
26 ~~can be applied, as provided in this Section, shall constitute an overpayment, as~~
27 ~~defined in R.S. 47:1621(A), and the secretary shall make a refund of such~~
28 ~~overpayment from the current collections of the taxes imposed by Chapter 1 or~~
29 ~~Chapter 5 of Subtitle H of Title 47 of the Louisiana Revised Statutes of 1950, as~~

1 ~~amended, together with interest as provided in R.S. 47:1624. The right to a credit or~~
2 ~~refund of any such overpayment shall not be subject to the requirements of R.S.~~
3 ~~47:1621(B). All credits and refunds, together with interest thereon, must be paid or~~
4 ~~disallowed within ninety days of receipt by the secretary, of any such claim for~~
5 ~~refund or credit. The total amount of all credits claimed in a tax year against any~~
6 ~~income or corporation franchise tax shall not reduce the taxpayer's tax liability below~~
7 ~~twenty percent of the total tax due before credits. Any unused credit amount may be~~
8 ~~carried forward for a period of five years.~~ Failure of the secretary to pay or disallow,
9 in whole or in part, any claim for a credit ~~or a refund~~ shall entitle the aggrieved
10 taxpayer to proceed with the remedies provided in R.S. 47:1625.

11 D.(1) For the purpose of allowing the credit ~~or refund~~ for ad valorem taxes
12 paid to political subdivisions as provided herein, the term "vessel" shall include
13 ships, oceangoing tugs, towboats, and barges. The term "Outer Continental Shelf
14 Lands Act Waters" as used herein shall have the meaning ascribed to it in R.S.
15 47:1702.

16 (2) The acceptance by the sheriff and ex officio tax collector of the ad
17 valorem taxes paid without protest by a taxpayer as certified under R.S. 47:1956(B)
18 shall conclusively establish: that such property was properly classified as a "vessel",
19 for purpose of this Section; that such vessel was "principally operated" in Outer
20 Continental Shelf Lands Act Waters during the applicable tax year; and that such
21 taxpayer shall be entitled to a credit ~~or refund~~ pursuant to this Section.

* * *

23 §6007. Motion picture investor tax credit

* * *

25 C. Investor tax credit; specific productions and projects.

* * *

27 (2) The credit shall be allowed against the income tax for the taxable period
28 in which the credit is earned or for the taxable period in which initial certification
29 authorizes the credit to be taken. However, the total amount of all such credits

1 claimed in a tax year against any income or corporation franchise tax shall not reduce
2 the taxpayer's tax liability below twenty percent of the total tax due before credits.

3 If the tax credit allowed pursuant to this Section exceeds the amount of such taxes
4 due for such tax period, then any unused credit may be carried forward as a credit
5 against subsequent tax liability for a period not to exceed ten years.

6 * * *

7 §6014. Credit for property taxes paid by certain telephone companies; fund

8 * * *

9 C. Notwithstanding any provision of law to the contrary, the following
10 provisions shall apply with respect to the application of the credit established in
11 Subsection A of this Section; however, the total amount of all credits claimed in a
12 tax year against any income or corporation franchise tax shall not reduce the
13 taxpayer's tax liability below twenty percent of the total tax due before credits. Any
14 unused credit amount may be carried forward for a period of five years:

15 * * *

16 E.

17 * * *

18 (2) The monies in the fund shall be used solely and exclusively for the
19 purpose of providing funds to pay for the credits ~~or refunds~~ as provided in this
20 Section. The treasurer shall annually transfer to the state general fund an amount
21 equal to the credits taken ~~and refunds issued~~ pursuant to this Section.

22 * * *

23 §6015. Research and development tax credit

24 * * *

25 B.(1) Any taxpayer who employs fifty or more persons and claims for the
26 taxable year a federal income tax credit under 26 U.S.C. 41(a) for increasing research
27 activities shall be allowed a ~~refundable~~ tax credit to be applied against income and
28 corporation franchise taxes due: for applications approved and granted by the
29 Department of Economic Development through December 31, 2014. Applications

1 of taxpayers approved and granted on and after January 1, 2015, shall be allowed a
2 nonrefundable tax credit. The total amount of all credits claimed in a tax year
3 against any income or corporation franchise tax shall not reduce the taxpayer's tax
4 liability below twenty percent of the total tax due before credits. Any unused credit
5 amount may be carried forward for a period of five years.

6 (2) Any taxpayer who employs less than fifty persons and claims for the
7 taxable year a federal income tax credit under 26 U.S.C. 41(a) for the taxable year,
8 or meets the requirements of Subparagraph (3)(i) of this Subsection, shall be allowed
9 a ~~refundable~~ tax credit to be applied against income and corporation franchise taxes
10 due: for applications approved and granted by the Department of Economic
11 Development through December 31, 2014. Applications of taxpayers approved and
12 granted on and after January 1, 2015, shall be allowed a nonrefundable tax credit.
13 The total amount of all credits claimed in a tax year against any income or
14 corporation franchise tax shall not reduce the taxpayer's tax liability below twenty
15 percent of the total tax due before credits. Any unused credit amount may be carried
16 forward for a period of five years.

17 * * *

18 D. A taxpayer who receives a federal Small Business Innovation Research
19 Grant as created by the Small Business Innovation Development Act of 1982 (P.L.
20 97-219), reauthorized by the Small Business Research and Development
21 Enhancement Act (P.L. 102-564), and reauthorized again by the Small Business
22 Reauthorization Act of 2000 (P.L. 106-554), shall be allowed a ~~refundable~~ tax credit
23 in an amount equal to forty percent of the award received during the tax year for
24 applications approved and granted by the Department of Economic Development
25 through December 31, 2014. Applications of taxpayers approved and granted on and
26 after January 1, 2015, shall be allowed a nonrefundable tax credit. The total amount
27 of all such credits claimed in a tax year against any income or corporation franchise
28 tax shall not reduce the taxpayer's tax liability below twenty percent of the total tax

1 due before credits. Any unused credit amount may be carried forward for a period
2 of five years.

3 * * *

4 §6016.1. Louisiana New Markets Jobs Act; premium tax credit

5 * * *

6 C.

7 * * *

8 ~~(2) The amount of the credit claimed by an entity shall not exceed the~~
9 ~~amount of such entity's state premium tax liability for the tax year for which the~~
10 ~~credit is claimed. The total amount of all credits claimed in a tax year against any~~
11 ~~income or corporation franchise tax shall not reduce the taxpayer's tax liability below~~
12 ~~twenty percent of the total tax due before credits. Any amount of tax credit that the~~
13 ~~entity is prohibited from claiming in a taxable year as a result of this Paragraph may~~
14 ~~be carried forward for use in future taxable years for a period not to exceed ten years.~~

15 * * *

16 §6019. Tax credit; rehabilitation of historic structures

17 A.

18 * * *

19 (3)(a) The credit shall be allowed against the income tax for the taxable
20 period in which the credit is earned and against the franchise tax for the taxable
21 period following the taxable period in which the credit is earned. ~~If the tax credit~~
22 ~~allowed pursuant to this Section exceeds the amount of such taxes due, any~~ The total
23 amount of all credits claimed in a tax year against any income or corporation
24 franchise tax shall not reduce the taxpayer's tax liability below twenty percent of the
25 total tax due before credits. Any unused credit may be carried forward as a credit
26 against subsequent tax liability for a period not to exceed five years. This credit may
27 be used in addition to the twenty percent federal tax credit for such purposes.

28 * * *

1 §6030. Solar energy systems tax credit

2 * * *

3 E. Credits may be claimed in accordance with the following:

4 (1) Any entity taxed as a corporation for Louisiana income tax and franchise
5 tax purposes shall claim any credit authorized according to the provisions of this
6 Section on its corporation income and franchise tax return. The total amount of all
7 credits claimed in a tax year against any corporation income or corporation franchise
8 tax shall not reduce the taxpayer's tax liability below twenty percent of the total tax
9 due before credits.

10 * * *

11 (3) Any entity not taxed as a corporation shall claim any credit authorized
12 according to the provisions of this Section on the returns of the partners or members
13 as follows:

14 (a) Corporate partners or members shall claim their share of the credit on
15 their corporation income tax or franchise tax returns. The total amount of all credits
16 claimed in a tax year against any corporation income or corporation franchise tax
17 shall not reduce the taxpayer's tax liability below twenty percent of the total tax due
18 before credits.

19 * * *

20 F. Notwithstanding any other provision of law to the contrary, any excess of
21 allowable credit over the aggregate tax liabilities against which such credit may be
22 applied to individual income tax, as provided in this Section, shall constitute an
23 overpayment, as defined in R.S. 47:1621(A), and the secretary shall make a refund
24 of such overpayment from the current collections of the taxes imposed by Chapter
25 1, Chapter 2, Chapter 2-A, Chapter 2-B, or Chapter 5 of Subtitle II of this Title,
26 together with interest as provided in R.S. 47:1624. The right to a credit or refund of
27 any such overpayment shall not be subject to the requirements of R.S. 47:1621(B).
28 All credits and refunds, together with interest thereof, must be paid or disallowed
29 within one year of receipt by the secretary of any such claim for refund or credit.

1 Failure of the secretary to pay or disallow, in whole or in part, any claim for a credit
2 or a refund shall entitle the aggrieved taxpayer to proceed with the remedies
3 provided in R.S. 47:1625.

4 * * *

5 Section 3 R.S. 51:1787(A)(1)(b) and (2)(a) and (b) are hereby amended and
6 reenacted to read as follows:

7 §1787. Incentives

8 A. The board, after consultation with the secretaries of the Department of
9 Economic Development and Department of Revenue, and with the approval of the
10 governor, may enter into contracts not to exceed five years to provide:

11 (1) For either:

12 * * *

13 (b) ~~A refundable~~ An investment income tax credit equal to one and one-half
14 percent of the amount of qualified expenditures. For purposes of this Paragraph, the
15 term "qualified expenditures" shall mean amounts classified as capital expenditures
16 for federal income tax purposes plus exclusions from capitalization provided for in
17 Internal Revenue Code Section 263(a)(1)(A) through (L), minus the capitalized cost
18 of land, capitalized leases of land, capitalized interest, capitalized costs of
19 manufacturing machinery and equipment to the extent the capitalized manufacturing
20 machinery and equipment costs are excluded from sales and use tax pursuant to R.S.
21 47:301(3), and the capitalized cost for the purchase of an existing building. When
22 a taxpayer purchases an existing building and capital expenditures are used to
23 rehabilitate the building, the costs of the rehabilitation only shall be considered
24 qualified expenditures. Additionally, a taxpayer shall be allowed to increase their
25 qualified expenditures to the extent a taxpayer's capitalized basis is properly reduced
26 by claiming a federal credit. A taxpayer earns the investment tax credit in the year
27 in which the project is placed in service, but the taxpayer may not claim the
28 investment tax credit until the Department of Economic Development signs the
29 project completion report or such other time as provided for by rule or regulation.

1 The project completion report for the ~~refundable~~ investment tax credit shall adhere
2 to the same requirements found in Subparagraph (a) for the sales and use tax rebate.
3 The total amount of all credits claimed in a tax year against any income or
4 corporation franchise tax shall not reduce the taxpayer's tax liability below twenty
5 percent of the total tax due before credits. Any unused credit amount may be carried
6 forward for a period of five years.

7 (2)(a) Except as provided in Subparagraph (b) of this Paragraph, for a two
8 thousand five hundred dollar tax credit per net new employee as determined by the
9 company's average annual employment reported under the Louisiana Employment
10 Security Law during the taxable year for which credit is claimed. ~~This tax credit~~
11 ~~may be applied to any state income tax liability or any state corporate franchise tax~~
12 ~~liability, but not liabilities for penalty or interest, due or outstanding at the time the~~
13 ~~credit is generated. However, credits may be applied to a due or outstanding tax~~
14 ~~liability attributable to tax years prior to the year in which the credit is generated~~
15 ~~only if the tax liability is the result of an assessment, administrative, or judicial~~
16 ~~proceeding by the Department of Revenue after an audit, provided that no further~~
17 ~~interest or penalty shall be accrued on such tax liability after the credit is generated.~~
18 The total amount of all credits claimed in a tax year against any income or
19 corporation franchise tax shall not reduce the taxpayer's tax liability below twenty
20 percent of the total tax due before credits. Any unused credit amount may be carried
21 forward for a period of five years. If the entire credit cannot be used in the year
22 claimed, the remainder may be applied against the income tax or corporate franchise
23 tax for the succeeding ten taxable years or until the entire credit is used, whichever
24 occurs first. These credits shall also apply to those tax liabilities, but not liabilities
25 for penalty or interest, identified in tax years where existing contracts generate the
26 credit.

27 (b) In lieu of the tax credit provided in Subparagraph (a) of this Paragraph,
28 for aviation or aerospace industries as defined in North American Industry
29 Classification System (NAICS) Code 336411, 336412, 336413, and 332912, for a

1 five thousand dollar tax credit for each new job created. This tax credit may be
 2 applied to any state income tax liability or any state franchise tax liability within a
 3 ten-year period from the date that the contract becomes effective or until the entire
 4 credit is used, whichever occurs first. The total amount of all credits claimed in a tax
 5 year against any income or corporation franchise tax shall not reduce the taxpayer's
 6 tax liability below twenty percent of the total tax due before credits. Any unused
 7 credit amount may be carried forward for a period of five years.

* * *

9 Section 3. R.S. 47:6014(D) is hereby repealed in its entirety.

10 Section 4. The provisions of this Act shall be applicable to all income tax years
 11 beginning on and after January 1, 2015, and franchise tax and insurance premium tax years
 12 beginning on and after January 1, 2016.

13 Section 5. This Act shall become effective upon signature by the governor or, if not
 14 signed by the governor, upon expiration of the time for bills to become law without signature
 15 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 16 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 17 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 819 Original

2015 Regular Session

Tim Burns

Abstract: Provides that the total amount of certain tax credits claimed in a tax year against La. income, corporation franchise, and insurance premium taxes shall not reduce the taxpayer's tax liability below 20% of the total tax due before credits; also changes certain tax credits from refundable to nonrefundable and in such cases adds a carry forward provision.

Tax Credits

Corporation and Individual Income Taxes and Corporation Franchise Tax

Present law provides for general administrative provisions governing the claiming of tax credits on income and corporation franchise taxes.

Proposed law retains present law but adds a requirement that the sum of certain tax credits (listed below) against La. income or corporation franchise tax liability shall not reduce any corporation's total income and franchise tax liability below 20% of the total tax due before credits. Any amount of tax credit remaining after application of the limitation provided in

proposed law may be carried forward pursuant to the provision of present law establishing the respective tax credit.

Present law provides for the following income and corporation franchise tax credits:

- (1) R.S. 47:6006, Tax credits for local inventory taxes paid
- (2) R.S. 47:6006.1, Tax credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters
- (3) R.S. 47:6007, Motion picture investor tax credit
- (4) R.S. 47:6014, Credit for property taxes paid by certain telephone companies
- (5) R.S. 47:6015, Research and development tax credit
- (6) R.S. 47:6019, Rehabilitation of historic structures tax credit (commercial)
- (7) R.S. 47:6030, Solar energy systems tax credit
- (8) R.S. 51:1787, Enterprise zone
- (9) R.S. 51:2451, Quality jobs

Present law (R.S. 47:6006 - Ad valorem taxes on inventories) provides for a refundable income or corporation franchise tax credit for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers and on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities. The amount of the credit is equal to 100% of the taxes paid.

Present law (R.S. 47:6006.1 - Ad valorem taxes on offshore vessels) provides for a refundable income or corporation franchise tax credit for ad valorem taxes paid without protest to political subdivisions on vessels in Outer Continental Shelf Lands Act Waters. The amount of the credit is equal to 100% of the ad valorem taxes paid.

Present law (R.S. 47:6007 - Motion picture investor) provides for a income tax credit for investment in state-certified productions for expenditures by a motion picture production company in a state-certified production. The amount of the credit is equal to 30% of the base investment made by the investor if the total base investment is more than \$300,000. Additionally provides for a credit equal to 5% of base investment expended on payroll for certain La. residents employed in connection with a state-certified production.

Present law (R.S. 47:6014 - Ad valorem taxes paid by telephone companies) provides for a refundable income and corporation franchise tax credit for ad valorem taxes paid to political subdivisions by a telephone company for the company's public service properties. The amount of the credit is equal to 40% of the aggregate ad valorem taxes paid.

Present law (R.S. 47:6015 - Research and development) provides for a refundable income and corporation franchise tax credit for a taxpayer who employs persons in the state and claims a federal income tax credit for increasing research activities. The credit is allowed at varying amounts.

Present law (R.S. 47:6019 - Rehabilitation of historic structure) provides for a nonrefundable income or corporation franchise tax credit for the amount of eligible expenses incurred during the rehabilitation of a historic structure located in a downtown development district or a cultural district. The credit is equal to 25% of the eligible expenses and with an annual per taxpayer cap of \$5 million in credits.

Present law (R.S. 47:6030) - Solar energy systems) provides for a refundable income tax credit for the purchase and installation of a solar energy system at a residence in La. The amount of the credit for a system purchased by the owner of the residence for installation at his home is 50% of the first \$25,000 of system costs. The credit for purchase by a third party for installation at a residence through a lease agreement is equal to the 38% of the first \$25,000 of system costs, with further restrictions based on the size of the system.

Present law (R.S. 51:1787 - Enterprise zone, and R.S. 51:2451 Quality jobs) provides for a refundable investment income tax credit for state income or corporate franchise tax liability equal to 1.5% of certain qualified capital expenditures made by a taxpayer. Also provides a nonrefundable tax credit for the creation of new jobs equal to \$2,500 for each net new employee, with a \$5,000 credit available for jobs created in certain specific industries.

Proposed law provides, for all of the tax credits listed above, that the amount of any such tax credits claimed in a tax year against any income or corporation franchise tax shall not reduce the taxpayer's tax liability below 20% of the total tax due before credits, except that the limitation on the solar energy systems tax credit applies only to corporation income tax.

Proposed law changes the following tax credits from refundable to nonrefundable, and authorizes a five year carry forward period.

- (1) R.S. 47:6006, Tax credits for local inventory taxes paid
- (2) R.S. 47:6006.1, Tax credits for taxes paid with respect to vessels in Outer Continental Shelf Lands Act Waters
- (3) R.S. 47:6014, Credit for property taxes paid by certain telephone companies
- (4) R.S. 47:6015, Research and development tax credit
- (5) R.S. 47:6030, Solar energy systems tax credit, for purposes of corporation income tax only
- (6) R.S. 51:1787, Enterprise zone
- (7) R.S. 51:2451, Quality jobs

Tax Credits
Insurance Premium Tax

- (1) R.S. 22:832, Insurance investors tax credit
- (2) R.S. 47:6016.1, Louisiana new markets jobs act

Present law (R.S. 22:832 - Insurance investors) authorizes a nonrefundable credit against any insurance premium taxes for insurers who invest a portion of their total admitted assets in La. financial institutions and investment products. The amount of the credit is graduated, with the amount increasing as the percentage of an insurer's assets invested increases, from a 66% credit to a 95% credit. A qualified La. investment includes bank deposits, bonded debt, mortgages, and real estate. Insurance companies also receive a dollar-for-dollar tax credit against corporation income taxes for amounts paid and tax credits earned relative to insurance premium tax.

Present law (R.S. 47:6016.1 - New markets jobs act) provides for a nonrefundable tax credit that may be claimed against insurance premium taxes. Eligibility is based on the investment of private capital in a low-income community business in La. The amount of the credit is authorized in varying amounts based on a certain percentage multiplied by the amount of the qualified investment. The percentage multiplier is based on the credit allowance date. The

credit allowance dates are based on the initial date of the qualified investment and each of the six successive anniversary dates of the initial date.

Proposed law retains present law but provides that the amount of any tax credits which may be claimed in a tax year against any insurance premium tax shall not reduce the taxpayer's tax liability below 20% of the total tax due before credits.

Proposed law also changes the insurance investors tax credit by reducing the largest tax credit available under that program from 95% to 80%.

Applicable to all income tax years beginning on and after Jan. 1, 2015, and franchise tax and insurance premium tax years beginning on and after Jan. 1, 2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:832(B), R.S. 47:6006(B), 6006.1(C) and (D), 6007(C)(2), 6014(C)(introductory paragraph) and (E)(2), 6015(B)(1) and (2) and (D), 6016.1(C)(2), 6019(A)(3)(a), 6030(E)(1) and (3)(a) and (F), and R.S. 51:1787(A)(1)(b) and (2)(a) and (b); Adds R.S. 47:1675(A)(7); Repeals R.S. 47:6014(D))